

AMENDED IN ASSEMBLY MAY 1, 2013

AMENDED IN ASSEMBLY APRIL 16, 2013

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1162

Introduced by Assembly Member Frazier

February 22, 2013

An act to add Section 69505.6 to the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 1162, as amended, Frazier. Student financial aid: debit cards.

Existing law provides for the missions and functions of the private and public segments of postsecondary education in the state. Existing law establishes various student financial aid programs for students attending all segments of postsecondary education.

This bill would require the Board of Governors of the California Community Colleges and the Trustees of the California State University, and request the Regents of the University of California and the governing bodies of accredited private nonprofit and for-profit postsecondary educational institutions, to adopt policies *to be used* for negotiating contracts between their postsecondary educational institutions and banks and other financial institutions to disburse a student's financial aid award and other refunds onto a debit card, prepaid card, or preloaded card. ~~The bill would require the policies to card that best serve serves the needs of the students, and students. The bill would encourage the policies postsecondary educational institutions to include consider specified requirements issues in adopting their policies.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 69505.6 is added to the Education Code,
2 to read:

3 69505.6. The Board of Governors of the California Community
4 Colleges and the Trustees of the California State University shall,
5 and the Regents of the University of California and the governing
6 bodies of accredited private nonprofit and for-profit postsecondary
7 educational institutions are requested to, adopt policies *to be used*
8 for negotiating contracts between their postsecondary educational
9 institutions and banks and other financial institutions to disburse
10 a student's financial aid award and other refunds onto a debit card,
11 prepaid card, or preloaded card. ~~The policies shall~~ *card that best*
12 ~~serve~~ *serves* the needs of the students, ~~and students.~~ *Postsecondary*
13 *educational institutions* are encouraged to ~~include~~ *consider* all of
14 the following ~~requirements~~ *in adopting their policies*:

15 (a) ~~Provide~~ *Whether to provide* students a clear and unbiased
16 choice of where to bank by ensuring that students can elect to
17 receive their financial aid award and other refunds through their
18 own bank account or on a check and that students not be subjected
19 to paperwork that attempts to direct them to banking options
20 favored by the bank or financial institution with which the
21 institution is partnering.

22 (b) ~~Require~~ *Whether to require* at least one fee-free regularly
23 replenished automated teller machine to be placed on a
24 participating campus or satellite campus, and additional fee-free
25 regularly replenished automated teller machines placed on
26 campuses in high enough concentration to avoid students having
27 to use multiple automated teller machines, with which a student
28 may use his or her debit card, prepaid card, or preloaded card to
29 access his or her financial aid award and other refunds.

30 (c) ~~Prohibit~~ *Whether to prohibit* debit card, prepaid card, or
31 preloaded card use from imposing fees common to students,
32 including, but not limited to:

33 (1) Insufficient fund fees at automated teller machines or point
34 of sale.

35 (2) Account balance inquiry fees.

1 (3) PIN-based transaction fees.

2 (4) Inactive account fees.

3 (5) Replacement card fees.

4 (6) Transfer or wire fees.

5 (7) Dispute fees.

6 (8) Account closure fees.

7 (d) ~~Require~~ *Whether to require* all debit card, prepaid card, or
8 preloaded card fees to be prominently displayed on the partnering
9 bank or financial institution's Internet Web site or information
10 mailed to students.

11 (e) ~~Prohibit~~ *Whether to prohibit* the debit cards, prepaid cards,
12 or preloaded cards from being cobranded, which means including
13 the logo of the postsecondary educational institution.

14 (f) ~~Require~~ *Whether to require* the debit cards, prepaid cards,
15 or preloaded cards and their contracts to include the same level of
16 consumer protections that are provided to automated teller machine
17 customers under the federal Electronic Fund Transfer Act (15
18 U.S.C. Sec. 1601 et seq.) as it exists on January 1, 2014.

19 (g) ~~Prohibit~~ *Whether to prohibit* debit card, prepaid card, or
20 preloaded card contracts from including mandatory arbitration
21 clauses.